




City Council Report

Date: December 2, 2013
To: City Council
Through: Christopher J. Brady, City Manager
From: William J. Jabjiniak, Economic Development Director 
Subject: Ordinance amending various sections of Title 9, Chapter 13, of the Mesa City Code entitled Foreign Trade Zone Council District 6

Strategic Initiatives



Purpose and Recommendation

The purpose of this report is to present an ordinance amending various sections of Title 9, Chapter 13, of the Mesa City Code entitled Foreign Trade Zone.

These amendments will update Title 9, Chapter 13, to conform with federal regulations pertaining to the Foreign Trade Zone program, including but not limited to updating the fees the City of Mesa charges as the Grantee of Foreign Trade Zone No. 221, and providing penalties for violations of this ordinance.

Staff recommends that Council adopt the ordinance.

Background

The City of Mesa is the Grantee of General-Purpose Foreign Trade Zone No. 221 located at Phoenix Mesa Gateway Airport, as approved by the Foreign Trade Zone Board Order No. 883, dated April 25, 1997, reorganized and expanded by Board Order No. 1538 on January 7, 2008.

The Foreign Trade Zones Board revised its regulations concerning the authorization and regulation of foreign trade zones and zone activity in 2012 and those new regulations went into effect on April 30, 2012.

Discussion

The City of Mesa Office of Economic Development retained the services of the Rockefeller Group to serve as its foreign trade zone consultant. As part of their contract, Rockefeller Group reviewed the current city code pertaining to the Foreign Trade Zone. They made several recommendations to update our current code to be

compliant with the revised regulations concerning the authorization and regulation of foreign trade zones and zone activity. Primarily these changes focus on updating language and definitions that were out of date with current regulations.

In addition, Rockefeller Group recommended updating Mesa's fee schedule which currently is not reflective of the type of foreign trade zone applications that can be pursued and the schedule does not meet federal regulations pertaining to uniform treatment. The uniform treatment guidelines state *"Treatment of zone participants within a zone (including application of rates and charges) shall not vary depending on whether a zone participant has procured any zone-related product or service or engaged a particular supplier to provide any such product or service."* Based on this, the recommendation of Rockefeller Group was that we standardize all fees.

The changes we are proposing to the fee schedule reflect a standardization of the rates charged and an update to the categories of fees to comply with current conditions. We have not recommended an increase in any of the fees. These fees will be provided to potential operators and users in the revised Mesa Fee Schedule, attached as Exhibit A.

Alternatives

If Council does not approve the ordinance, the current policies would remain in place, some of which are contradictory to federal laws pertaining to the Foreign Trade Zone program.

Fiscal Impact

The City of Mesa collects fees for the administration of Foreign Trade Zone No. 221. The fees range from \$1,000 - \$5,000. We have not recommended an increase in any of the fees.

Coordinated With

This ordinance has been coordinated with the City Attorney's Office and the Office of Management and Budget.